

RURAL TELECOMMUNICATIONS GROUP

the voice of rural wireless telecommunications providers

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December 11, 1998

BY HAND DELIVERY

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ex Parte Communication

**Re: In the Matter of Telephone Number Portability,
CC Docket No. 95-116**

File of Carlos Mendiola 012
DEC 11 1998

Dear Ms. Salas:

The Rural Telecommunications Group ("RTG") hereby submits this *ex parte* communication pursuant to Section 1.1206(a) of the Federal Communications Commission's ("FCC" or "Commission") rules in response to a specific request for information from the Wireless Telecommunications Bureau ("WTB") concerning the financial impact of the Commission's number portability mandate on rural wireless providers. Specifically, the WTB requested that RTG provide information regarding the costs associated with implementing and providing wireless number portability which will support roaming, versus the cost of implementing and providing wireless number portability throughout the carrier's own network. Accordingly, RTG herein provides the Commission with the requested information.

As RTG stated in its October 21, 1998 *ex parte* filing, the cost to rural wireless providers of implementing wireless number portability ("WNP") throughout its network is staggering.¹ RTG estimated that, in total, the more than 120 rural cellular and Personal Communications Service ("PCS") providers may be required to expend roughly \$100 million (or approximately \$833,000 per company!) in order to meet the Commission's mandates. Further RTG noted that the \$100 million figure represents only the *non-recurring* costs of implementing WNP; it does not include the *recurring* costs of providing WNP, which include, but are not limited to: upgrades to software (including billing software, software needed for MIN/MDN separation, and software needed to support roaming); changes to call processing equipment; the shared costs of building the regional databases, as well as the the shared recurring costs of uploading and

¹ For concrete cost estimates, please refer to the RTG *ex parte* filing dated October 21, 1998 in Docket No. 95-116.

downloading to and from those databases; and perhaps, the purchase of a signaling control point (SCP) in order to curb costs associated with database "dips".

RTG also indicated in its previous *ex parte* filing that its members will support roaming traffic if technically and economically possible. That being said, RTG's members will incur major costs to support roaming for customers of the top 100 MSA licensees, despite the fact that none of RTG's members are located within the top 100 MSAs. While some of these costs may be quantified, others remain unclear at this time. In fact, many software and hardware vendors have yet to roll-out product offerings designed to upgrade wireless networks to support roaming for WNP. Consequently, the cost of implementing most technical solutions is unknown. Of the costs that can be quantified at this time, one major expense (approximately \$200,000) is the switching platform, which is used to transfer information from the switch to the SCP.

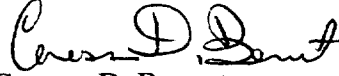
Additionally, the costs of supporting roaming may in large part depend upon the answer to several other questions, which to the best of RTG's knowledge, the Commission has yet to even consider. Such questions concern issues of billing, fraud, and bad debt. Billing functions will clearly affect the costs associated with providing roaming in a WNP environment. Currently, many RTG members use third parties to provide their necessary validation and billing functions. In a WNP/roaming environment, however, it will be difficult for third party billing agents to determine where the bills should be sent. Therefore, it will be necessary to establish a clearinghouse to provide validation and billing functions. As a necessary consequence of any such clearinghouse, carriers will incur charges to dip the database for validation and billing information.

Issues concerning fraud will only further compound the costs associated with billing in a WNP/roaming environment. For example, if a customer who is subscribed to one of RTG's member carriers ("Carrier Y") is fraudulently ported to some other carrier ("Carrier X") and that subscriber then roams into an area served by a roaming partner of Carrier Y, that roaming partner will look to Carrier Y to be responsible for the costs associated with completing that call. The converse is true as well: if a subscriber is fraudulently ported to another carrier and that subscriber roams into an RTG member's service area, the RTG member must be compensated for its costs. Those two scenarios highlight the question--who will be responsible for fraud in a WNP environment?

Without any clear answers to questions concerning billing and fraud, it is very difficult to accurately assess the true cost of providing WNP capable of supporting roaming. That notwithstanding, RTG presumes the costs to be quite significant. One of RTG's member companies, Cellular Mobile Systems of St. Cloud, a cellular and PCS operator in St. Cloud, Minnesota (a market that borders Minneapolis), has commissioned an outside cost study concerning the costs of implementing and providing WNP which will support roaming. It is anticipated that the study will be completed sometime after January, 1999. Results of this cost study will be presented to the Commission at that time.

For the foregoing reasons, RTG strongly urges the Commission to reconsider its decision to require rural wireless providers to implement number portability.

Sincerely,



Caressa D. Bennet
Regulatory Counsel

cc: Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani
Commissioner Michael Powell
Paul D'Ari
Patrick E. Forster
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